



October 30, 2014

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, NW
Washington, DC 20554

Via ECFS

RE: In the Matter of Connect America Fund, WC Docket No. 10-90; In the Matter of Protecting and Promoting the Open Internet, GN Docket No. 14-28; In the Matter of Framework for Broadband Internet Service, GN Docket No. 10-127, Modernizing the E-Rate Program for Schools and Libraries, WC Docket No. 13-184

Dear Ms. Dortch:

On October 29, 2014, William A. Squires, CEO of Blackfoot Telephone Cooperative, Inc. ("Blackfoot"), Geoff Feiss, General Manager of the Montana Telecommunications Association and myself met with Chairman Thomas Wheeler and Managing Director Jon Wilkins. The purpose of the meeting was to discuss Blackfoot's position on universal service reform, E-Rate modernization, Net Neutrality, and IP interconnection. We presented copies of the attached slides and discussed the matters addressed therein.

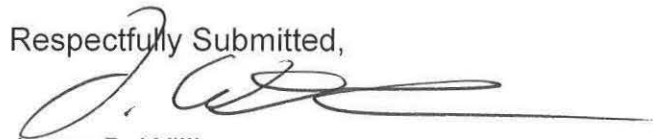
Blackfoot advocated that the Federal Communications Commission ("Commission") should implement an optional, alternative regulatory plan for rural, rate-of-return incumbent local exchange carriers ("ILECs") to receive federal, high cost universal service support. Blackfoot further advocated that the Commission should adopt such an alternative regulatory plan independent of any reform to the legacy, high cost USF support mechanisms. Blackfoot explained that the Commission should provide incentives to rural ILECs that opt into such an alternative regulation plan, including, at a minimum, transporting 100% of their current levels of support to an alternative regulatory support fund in addition to providing additional support from other currently unallocated universal service funds. Blackfoot stressed that such a plan is necessary to encourage efficient, economic network deployment decisions.

Blackfoot commended the Commission for the *E-Rate Modernization* which targets schools and libraries universal service support at updating infrastructure located within a school's campus. It has been Blackfoot's experience that the schools it serves have sufficient broadband capacity to meet their needs but lack the appropriate

infrastructure to fully capitalize on the high speed broadband services that Blackfoot is currently providing. Accordingly, schools and libraries funding should not be made available to allow schools and libraries to construct their own fiber networks unless there is no service provider offering broadband services at commercially reasonable rates.

Lastly, Blackfoot noted that the Open Internet proceeding is not, nor has it ever been, about rate regulation of retail broadband services. Instead, the proceeding is designed to ensure all content and network providers interconnect and share information in such a way as to have no adverse impact on consumers. To ensure this occurs, the Commission must make available remedies in the event larger companies with more market power force unreasonable terms of interconnection and network traffic exchange upon smaller companies.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'J. Williams', with a long horizontal flourish extending to the right.

Jason B. Williams
Vice President – General Counsel

cc: Jon Wilkins

BLACKFOOT TELECOMMUNICATIONS GROUP

- Two separate ILEC operations, three study areas in western Montana & eastern Idaho
- Robust CLEC operation providing advanced services, IT consulting and data center/collocation throughout Montana, Idaho and the region
- Small software development subsidiary
- Approximately \$50 million in annual revenue
 - 2013 ILEC revenues: \$30.5 million
 - 2013 CLEC revenues \$16.3 million



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BLACKFOOT'S "SMART GROWTH"

- **Expand services to generate additional revenue, spreading operating costs among more customers**
- **Reduce reliance on legacy revenue sources**
 - In 2003, on a consolidated basis, 50% of our revenue came from regulated sources (USF and regulated intercarrier comp)
 - In 2013, only 18% of our total revenue came from those same regulated sources
 - Targeting other rural ILEC's and regional CLECs for acquisition
 - Blackfoot acquired FairPoint's Idaho operations in 2013
 - FCC should adopt policies that encourage consolidation
- **Efficient, technologically advanced network deployment**
 - Economics dictate builds in high cost areas ("reasonable request")



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SERVING RURAL SCHOOLS

- **Some schools have fiber connected, others have lots of fiber nearby**
- **Currently capable of delivering up to 1 GB at fiber fed schools**
 - Schools are buying 1.5 MB DSL up to 50 MB Ethernet
 - Average take rate only 8.7 MB
 - Schools purchase what they can afford
- **In CLEC areas, we provide high speed service on both fiber and fixed microwave networks**
 - Missoula County Public Schools – 100 MB ETS to each location
 - MonTec example



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USF REFORM

- **USF support remains crucial for Blackfoot to operate in high cost areas**
- **The QRA was positive for Blackfoot**
 - Race to the top is still a concern
- **Any revision to the high cost USF program must include a voluntary alternative regulation option for RLECs**
- **Support the Rural Associations' data only broadband plan**
- **Limited competition in Montana; some WISP and cable network competition in Idaho**



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NET NEUTRALITY & IP INTERCONNECTION

- **Blackfoot already collocated at Tier 1 pops (Seattle & Chicago)**
- **Have not experienced content or service provider curtailment**
- **Using Section 706 appears less risky**
- **RLECs and others with limited market power must have remedies**